

Exhibit A



DEPARTMENT OF THE NAVY
NAVAL FACILITIES ENGINEERING COMMAND
200 STOVALL STREET
ALEXANDRIA, VA 22332

26 MAR 1974

General Electric Company
777 Fourteenth Street, N.W.
Washington, D. C. 20005

Attention: Mr. A. P. McGraw, Manager
ADS Washington Sales Relations

Dear Sir:

In response to your letter of March 11 to Mr. Bryson of this Command, we have been reviewing the various authorities available to us in connection with the purchase of askarel liquids such as Pyranol.

At the present time, there is no authority under which any Government contracting officer may execute a hold-and-save-harmless or indemnification agreement such as enclosed with your letter. If, perchance, any contracting officer should execute such a document, it would be beyond the scope of his authority and not binding upon the United States.

The Navy Department, and other agencies of the Department of Defense as well, have a substantial number of transformers and electrical devices in which the use of askarel rather than ordinary transformer oil is essential. Many of these are products of the General Electric Company and of course we look to General Electric for the supplies necessary to keep them operational. While in some geographical areas it is feasible to contract with private firms for the refilling or topping off of these devices, in others such a procedure is not feasible or economical because of the distances qualified service firms would have to travel, or because of security requirements. For this reason, it is essential that askarel be procured for use by Government personnel in servicing these devices.

We recognize your anxiety about the possibility of misuse of this fluid, but, as noted above, an indemnification agreement is beyond present authority. We would therefore present for your consideration, and that of your attorneys, a provision such as the following:

"The Government is purchasing the Pyranol fluid solely for use as a dielectric. If death of or injury to any person, or loss of or damage to any property, is caused by the Government in its use of Pyranol, the liability of the Government therefor shall be determined in accordance with the provisions of the Federal Tort Claims Act (62 Stat 869-982; 28 U.S.C. 2671-2680)."

In view of the fact that once title, possession, and control of any askarel type fluid are turned over to the Government, it would be difficult to imagine a situation whereby a third party could legally hold your firm liable for injuries resulting from the Government's handling and use; we believe the above clause would adequately protect your interests while permitting us to continue operation of the equipment we have purchased from your firm. On several occasions, other firms in other lines of endeavor have accepted it in lieu of their standard indemnification provisions, recognizing the legal limits of Government contracting officers' authority.

Sincerely,

A handwritten signature in dark ink, appearing to read "Robert Robertory", written over a horizontal line.

ROBERT J. ROBERTORY
Acting Director
Contracts Division
By direction of the Commander
Naval Facilities Engineering Command

Copy to:
Mr. S. Z. Bryson